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9 **UNITED STATES DISTRICT COURT**
10 **NORTHERN DISTRICT OF CALIFORNIA**
11 **SAN JOSE DIVISION**

12 SECURITIES AND EXCHANGE
COMMISSION,

13 Plaintiff,

14 vs.

15 SMALL BUSINESS CAPITAL CORP.;
16 MARK FEATHERS; INVESTORS PRIME
FUND, LLC; and SBC PORTFOLIO FUND,
17 LLC,

18 Defendants.

Case No. 5:12-CV-03237-EJD

**PLAINTIFF SECURITIES AND
EXCHANGE COMMISSION'S RESPONSE
TO MOTION FOR APPROVAL OF SALE
OF 7(a) LOAN PORTFOLIO, SERVICING
RIGHTS AND SBLC LICENSE (Dkt. No.
1027)**

Date: May 28, 2015 (advanced to May 7, 2015)
Time: 9:00 a.m.
Place: Courtroom 4, 5th Floor
(Hon. Edward J. Davila)

1 Plaintiff Securities and Exchange Commission ("SEC") respectfully submits this response to
 2 the Motion of Receiver for Approval of Sale of 7(a) Loan Portfolio, Servicing Rights and SBLC
 3 License (Dkt. No. 1027). The SEC supports the motion. The Receiver has marketed the Small
 4 Business Administration ("SBA") Section 7(a) loan portfolio, related servicing rights, and the
 5 license to operate a Small Business Lending Company, pursuant to the May 9, 2014 Order Granting
 6 Approval of Sale Procedures for Loan Portfolios. (Dkt. No. 898.)

7 The SEC has reviewed the proposed terms of the sale and consideration, as well as the
 8 payment of commissions to Voit Real Estate Services LP, which assisted in the marketing and sale
 9 of the assets that are the subject of the motion. The Section 7(a) loans are being sold for
 10 approximately 93% of the principal value owned by the receivership entities, and the receivership is
 11 receiving \$700,000 for the servicing rights and the Small Business Lending Company license. The
 12 Receiver's motion details the efforts made to market the portfolio and license, including the
 13 involvement of the SBA in approving the qualifications of the buyer. The terms of the sale appear
 14 to resolve part of the SBA's claim against the receivership estate, since the sale is conditioned upon
 15 an assumption of liabilities to the SBA by the buyer. Overall, the proposed transaction should
 16 result in an additional recovery for the receivership estate of over \$5.2 million.

17 The Receiver also requests that the Court waive the requirements of 28 U.S.C. § 2004 for
 18 publication, appraisal, and public auction, however, that relief was issued in the Court's May 9,
 19 2014 Order (Dkt. No. 898) are therefore that request is moot.

20 Accordingly, the SEC supports the motion and requests that the Court approve the proposed
 21 sale as stated in the Receiver's motion.

22 DATED: April 21, 2015

Respectfully submitted,

23
 24 /s/ John B. Bulgozdy

John B. Bulgozdy

Lynn M. Dean

Attorneys for Plaintiff

SECURITIES AND EXCHANGE COMMISSION

PROOF OF SERVICE

I am over the age of 18 years and not a party to this action. My business address is:

[X] U.S. SECURITIES AND EXCHANGE COMMISSION, 444 S. Flower Street,
Suite 900, Los Angeles, California 90071
Telephone No. (323) 965-3998; Facsimile No. (323) 965-3908.

On April 21, 2015 I caused to be served the document entitled **PLAINTIFF
SECURITIES AND EXCHANGE COMMISSION'S CONSOLIDATED RESPONSE
TO MOTION FOR APPROVAL OF SALE OF 7(a) LOAN PORTFOLIO,
SERVICING RIGHTS AND SBLIC LICENSE (Skt No. 1027)** on all the parties to this
action addressed as stated on the attached service list:

[] **OFFICE MAIL:** By placing in sealed envelope(s), which I placed for collection
and mailing today following ordinary business practices. I am readily familiar
with this agency's practice for collection and processing of correspondence for
mailing; such correspondence would be deposited with the U.S. Postal Service on
the same day in the ordinary course of business.

[] **PERSONAL DEPOSIT IN MAIL:** By placing in sealed envelope(s),
which I personally deposited with the U.S. Postal Service. Each such
envelope was deposited with the U.S. Postal Service at Los Angeles,
California, with first class postage thereon fully prepaid.

[] **EXPRESS U.S. MAIL:** Each such envelope was deposited in a facility
regularly maintained at the U.S. Postal Service for receipt of Express Mail
at Los Angeles, California, with Express Mail postage paid.

[] **HAND DELIVERY:** I caused to be hand delivered each such envelope to the
office of the addressee as stated on the attached service list.

[X] **UNITED PARCEL SERVICE:** By placing in sealed envelope(s) designated by
United Parcel Service ("UPS") with delivery fees paid or provided for, which I
deposited in a facility regularly maintained by UPS or delivered to a UPS courier,
at Los Angeles, California.

[X] **ELECTRONIC MAIL:** By transmitting the document by electronic mail to the
electronic mail address as stated on the attached service list.

[X] **E-FILEING:** By causing the document to be electronically filed via the Court's
CM/ECF system, which effects electronic service on counsel who are registered
with the CM/ECF system.

[] **FAX:** By transmitting the document by facsimile transmission. The transmission
was reported as complete and without error.

I declare under penalty of perjury that the foregoing is true and correct.

Date: April 21, 2015

/s/Sarah Mitchell
Sarah Mitchell

SEC v. SMALL BUSINESS CAPITAL CORP, et al.
United States District Court – Northern District of California
San Jose Division
Case No. 5:12-CV-03237-EJD
LA-4141

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